

CITY OF DERIDDER  
ANNUAL FINANCIAL STATEMENTS  
WITH AUDITOR'S REPORT

SEPTEMBER 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-16-08

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John A. Windham, CPA

## INDEPENDENT AUDITOR'S REPORT

The Honorable Ronald Roberts, Mayor  
and Members of the City Council  
DeRidder, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of DeRidder, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of September 30, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 22, 2008 on my consideration of the City of DeRidder, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The budgetary comparison information on pages 34 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The City of DeRidder, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Honorable Ronald Roberts, Mayor  
and Members of the City Council

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeRidder, Louisiana's, basic financial statements. The combining and individual nonmajor fund financial statements, schedule of per diem paid to board members and prior year audit findings are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of per diem paid to board members and prior year audit findings have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

*Jeffrey L. Windham, CPA*

DeRidder, Louisiana  
February 22, 2008

## **BASIC FINANCIAL STATEMENTS**

Statement of Net Assets  
September 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,811,627	\$ 126,875	\$ 3,938,502
Receivables:			
Franchise taxes	139,675	-	139,675
Accounts	10,292	212,055	222,347
Federal grants	1,750	-	1,750
Special assessments	-	8,956	8,956
Accrued interest	-	735	735
Prepaid insurance	64,993	25,049	90,042
Due from other funds	131,368	69,855	201,223
Restricted cash and cash equivalents	-	2,645,270	2,645,270
Capital assets, not being depreciated	849,834	158,266	1,008,100
Capital assets, being depreciated - net	5,005,096	16,843,946	21,849,042
Total assets	<u>\$ 10,014,635</u>	<u>\$ 20,091,007</u>	<u>\$ 30,105,642</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 228,253	\$ 58,636	\$ 286,889
Payroll taxes payable	105,874	24,265	130,139
Contracts payable	4,561	26,900	31,461
Due to other funds	198,898	2,325	201,223
Accrued interest payable	3,399	2,264	5,663
Customer deposits	-	142,326	142,326
Deferred revenues	-	8,956	8,956
Long term liabilities:			
Due within one year	92,000	18,236	110,236
Due in more than one year	1,011,798	253,970	1,265,768
Total liabilities	<u>\$ 1,644,783</u>	<u>\$ 537,878</u>	<u>\$ 2,182,661</u>
<b>NET ASSETS</b>			
Invested in capital assets - net of related debt	\$ 5,318,930	\$ 16,947,503	\$ 22,266,433
Restricted for:			
Contracts payable	-	4,383	4,383
Perpetual care	845,172	-	845,172
Debt service	557,545	54,709	612,254
Depreciation and contingencies	-	2,422,606	2,422,606
Customer deposits	-	49,054	49,054
Unrestricted	1,648,205	74,874	1,723,079
Total net assets	<u>\$ 8,369,852</u>	<u>\$ 19,553,129</u>	<u>\$ 27,922,981</u>
Total liabilities and net assets	<u>\$ 10,014,635</u>	<u>\$ 20,091,007</u>	<u>\$ 30,105,642</u>

The accompanying notes are an integral part of this statement.

City of DeRidder, Louisiana

Statement B

Statement of Activities  
For the Year Ended September 30, 2007

Program Activities	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating and Contributions	Grants	Capital Grants and Contributions	Governmental Activities	Business-type Activities
General government and administration	\$ 1,253,373	\$ 165,407	\$ 6,049	\$ 54,185	\$ (1,027,732)	\$ -	\$ (1,027,732)
Public safety	3,725,682	-	81,222	67,120	(3,577,340)	-	(3,577,340)
Public works	2,205,137	-	-	-	(2,205,137)	-	(2,205,137)
Recreation	154,741	-	-	120,000	(34,741)	-	(34,741)
Interest on long term debt	28,949	-	-	-	(28,949)	-	(28,949)
Unallocated depreciation*	37,788	-	-	-	(37,788)	-	(37,788)
Total governmental activities	\$ 7,405,670	\$ 165,407	\$ 87,271	\$ 241,305	\$ (6,911,687)	\$ -	\$ (6,911,687)
Business-type activities:							
Water and sewer	\$ 2,861,966	\$ 2,050,730	\$ -	\$ -	\$ -	\$ (811,236)	\$ (811,236)
Total government	\$ 10,267,636	\$ 2,216,137	\$ 87,271	\$ 241,305	\$ (6,911,687)	\$ (811,236)	\$ (7,722,923)
General revenues:							
Taxes:							
Ad valorem taxes					\$ 545,408	\$ -	\$ 545,408
Sewer assessments					-	5,749	5,749
Sales taxes					5,579,247	-	5,579,247
Insurance premium tax					35,253	-	35,253
Chain store tax					7,693	-	7,693
Franchise tax					581,620	-	581,620
Tobacco tax					14,308	-	14,308
Occupational licenses and permits					462,221	-	462,221
Insurance dividend					16,496	-	16,496
Investment earnings					70,015	76,592	146,607
Gain (Loss) on sale of assets					23,176	(775)	22,401
Rental income					30,600	-	30,600
Loan proceeds					245,000	-	245,000
Miscellaneous					8,905	-	8,905
Transfers in					3,562,058	276,223	3,838,281
Transfers out					(3,764,501)	(73,780)	(3,838,281)
Total general revenues and transfers					\$ 7,417,499	\$ 284,009	\$ 7,701,508
Change in net assets					\$ 505,812	\$ (527,227)	\$ (21,415)
Net assets at beginning of year					\$ 7,864,040	\$ 20,080,356	\$ 27,944,396
Net assets at end of year					\$ 8,369,852	\$ 19,553,129	\$ 27,922,981

\* Unallocated depreciation excludes direct depreciation expenses of the City's various programs

The accompanying notes are an integral part of the statement.

## City of DeRidder, Louisiana

Balance Sheet  
Governmental Funds  
September 30, 2007

	General	Major Fund Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 954,542	\$ 2,025,321	\$ 611,056	\$ 3,590,919
Receivables				
Franchise taxes	139,675	-	-	139,675
Accounts receivable	10,292	-	-	10,292
Intergovernmental:				
Federal grants	1,750	-	-	1,750
Prepaid insurance	53,570	11,423	-	64,993
Due from other funds	-	131,368	-	131,368
Total assets	<u>\$ 1,159,829</u>	<u>\$ 2,168,112</u>	<u>\$ 611,056</u>	<u>\$ 3,938,997</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 132,688	\$ 95,390	\$ -	\$ 228,078
Payroll taxes payable	84,648	21,226	-	105,874
Contracts payable	-	-	4,561	4,561
Due to other funds	78,898	-	-	78,898
Total liabilities	<u>\$ 296,234</u>	<u>\$ 116,616</u>	<u>\$ 4,561</u>	<u>\$ 417,411</u>
Fund Balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ 21,545	\$ 21,545
Perpetual care	845,172	-	-	845,172
Unreserved:				
Designated for subsequent years' expenditures reported in:				
Sales tax fund	-	200,000	-	200,000
Undesignated, reported in:				
General fund	18,423	-	-	18,423
Special revenue fund	-	1,851,496	-	1,851,496
Capital project funds	-	-	584,950	584,950
Total fund balances	<u>\$ 863,595</u>	<u>\$ 2,051,496</u>	<u>\$ 606,495</u>	<u>\$ 3,521,586</u>
Total liabilities and fund balances	<u>\$ 1,159,829</u>	<u>\$ 2,168,112</u>	<u>\$ 611,056</u>	<u>\$ 3,938,997</u>

The accompanying notes are an integral part of this statement.



Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Assets  
September 30, 2007

Total fund balance - total governmental funds	\$ 3,521,586
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	5,297,583
Internal service funds are used to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	100,533
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.	(3,399)
Capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of net assets in order to show those assets net of related debt in the net assets section of the government wide statement of net assets	557,347
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Due within one year	\$ (92,000)
Due in more than one year	<u>(1,011,798)</u>
	<u>(1,103,798)</u>
Net assets of governmental activities	<u>\$ 8,369,852</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2007

	General Fund	Major Fund Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Ad valorem	\$ 545,408	\$ -	-	\$ 545,408
Sales tax	-	5,579,247	-	5,579,247
Insurance premium tax	35,253	-	-	35,253
Chain store tax	7,693	-	-	7,693
Franchise tax	581,620	-	-	581,620
Tobacco tax	14,308	-	-	14,308
Intergovernmental:				
Federal grants	101,254	-	-	101,254
State grants	120,000	-	-	120,000
Local grants	107,322	-	-	107,322
Occupational licenses and permits	462,221	-	-	462,221
Fees and charges for services	108,109	12,408	-	120,517
Cemetery sales	18,046	-	-	18,046
Investment income	10,429	47,236	9,859	67,524
Rental income	30,600	-	-	30,600
Worker's compensation dividend	8,248	8,248	-	16,496
Other revenues	6,660	2,245	-	8,905
Total revenues	\$ 2,157,171	\$ 5,649,384	\$ 9,859	\$ 7,816,414

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2007

	General Fund	Major Fund Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Expenditures</b>				
Current operating:				
General government	\$ 741,176	\$ 458,271	\$ 350	\$ 1,199,797
Public safety	3,512,150	-	-	3,512,150
Public works	-	1,753,153	343,566	2,096,719
Recreation	108,450	-	-	108,450
Debt service:				
Principal	25,000	-	224,000	249,000
Interest	13,369	-	15,932	29,301
Capital outlay	452,068	150,625	-	602,693
Total expenditures	<u>\$ 4,852,213</u>	<u>\$ 2,362,049</u>	<u>\$ 583,848</u>	<u>\$ 7,798,110</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (2,695,042)</u>	<u>\$ 3,287,335</u>	<u>\$ (573,989)</u>	<u>\$ 18,304</u>
Other financing sources (uses)				
Transfer in	\$ 2,699,579	\$ 266,719	\$ 520,000	\$ 3,486,298
Transfer out	(215,000)	(3,275,033)	(2,917)	(3,492,950)
Gain on sale of assets	3,604	3,703	-	7,307
Proceeds of loan	245,000	-	-	245,000
Total other financing sources (uses)	<u>\$ 2,733,183</u>	<u>\$ (3,004,611)</u>	<u>\$ 517,083</u>	<u>\$ 245,655</u>
Net change in fund balance	\$ 38,141	\$ 282,724	\$ (56,906)	\$ 263,959
Fund balances at beginning of year	825,454	1,768,772	663,401	3,257,627
Fund balances at end of year	<u>\$ 863,595</u>	<u>\$ 2,051,496</u>	<u>\$ 606,495</u>	<u>\$ 3,521,586</u>
				(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to the  
Statement of Activities

For the Year Ended September 30, 2007

Net change in fund balances - total governmental funds	\$ 263,959
Amounts reported for governmental activities in the statement of activities are different because:	
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	8,450
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(696)
The net effect of various transactions involving capital assets (contributions, trades, etc.) is to increase net assets.	16,565
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	
General fund	\$ 452,068
Special revenue fund	<u>150,625</u>
	602,693
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(429,165)
Accrued interest on long term debt is not shown in the governmental funds.	352
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond repayments.	249,000
Internal service funds are used by management to charge the costs of certain activities to individual funds.	
The net income of the internal service funds is reported with governmental activities	<u>(205,346)</u>
Change in net assets of governmental activities	<u>\$ 505,812</u>

The accompanying notes are an integral part of this statement.

Statement of Net Assets  
Proprietary Fund  
September 30, 2007

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Funds
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 126,875	\$ 220,708
Receivables:		
Accounts	212,055	-
Special assessments	8,956	-
Accrued interest	735	-
Prepaid insurance	25,049	-
Due from other funds	69,855	-
Total current assets	<u>\$ 443,525</u>	<u>\$ 220,708</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	\$ 2,645,270	\$ -
Capital assets not being depreciated	158,266	-
Capital assets being depreciated - net	17,401,293	-
Total noncurrent assets	<u>\$ 20,204,829</u>	<u>\$ -</u>
<b>Total assets</b>	<u>\$ 20,648,354</u>	<u>\$ 220,708</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 58,636	\$ 175
Payroll taxes payable	24,265	-
Accrued interest payable	2,264	-
Due to other funds	2,325	120,000
Current portion of certificates payable	18,236	-
Total current liabilities	<u>\$ 105,726</u>	<u>\$ 120,175</u>
Liabilities payable from restricted assets		
Contracts payable	\$ 26,900	\$ -
Customer deposits	142,326	-
Total liabilities payable from restricted assets	<u>\$ 169,226</u>	<u>\$ -</u>
Deferred revenues	<u>\$ 8,956</u>	<u>\$ -</u>
<b>Noncurrent Liabilities</b>		
Certificates payable	\$ 36,473	\$ -
Compensated absences	217,497	-
Total noncurrent liabilities	<u>\$ 253,970</u>	<u>\$ -</u>
<b>Total liabilities</b>	<u>\$ 537,878</u>	<u>\$ 120,175</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Assets  
 Proprietary Fund  
 September 30, 2007

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Funds
Net Assets		
Invested in capital assets	\$ 17,559,559	\$ -
Restricted for:		
Contracts payable	4,383	-
Depreciation and contingencies	2,422,606	-
Customer deposits	49,054	-
Debt service	54,709	-
Unrestricted	20,165	100,533
Total net assets	<u>\$ 20,110,476</u>	<u>\$ 100,533</u>
Total liabilities and net assets	<u>\$ 20,648,354</u>	<u>\$ 220,708</u>
		(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Proprietary Funds Statement of Net Assets  
to the Statement of Net Assets  
For the Year Ended September 30, 2007

Amounts reported for business-type activities in the  
statement of net assets are different because:

Total net assets for proprietary fund statement of net assets	\$ 20,110,476
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Capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of net assets in order to show those assets net of related debt in the net asset section of the government wide statement of net assets	<u>(557,347)</u>
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Net assets of business type activities	<u>\$ 19,553,129</u>
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The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund  
For the Year Ended September 30, 2007

	Business-Type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Funds
Operating revenues		
Charges for services	\$ 2,050,730	\$ -
Rebates and reimbursements	-	12,457
Miscellaneous	-	14,387
Total operating revenues	<u>\$ 2,050,730</u>	<u>\$ 26,844</u>
Operating expenses		
Personal services	\$ 1,135,277	\$ -
Supplies	307,547	-
Contractual services	577,997	-
Depreciation	853,035	-
Claims	-	38,890
Total operating expenses	<u>\$ 2,873,856</u>	<u>\$ 38,890</u>
Income (loss) from operations	<u>\$ (823,126)</u>	<u>\$ (12,046)</u>
Nonoperating revenues (expenses)		
Sewer assessments	\$ 5,749	\$ -
Interest income	76,592	2,491
Interest expense	(3,072)	-
Loss on sale of assets	(775)	-
Total nonoperating revenues (expenses)	<u>\$ 78,494</u>	<u>\$ 2,491</u>
Income (loss) before transfers	<u>\$ (744,632)</u>	<u>\$ (9,555)</u>
Transfers in	276,223	75,760
Transfers out	<u>(73,780)</u>	<u>(271,551)</u>
Change in net assets	<u>\$ (542,189)</u>	<u>\$ (205,346)</u>
Net assets at beginning of year	<u>20,652,665</u>	<u>305,879</u>
Net assets at end of year	<u><u>\$ 20,110,476</u></u>	<u><u>\$ 100,533</u></u>

The accompanying notes are an integral part of this statement.



Reconciliation of the Statement of Revenues,  
Expenses, and Changes in Net Assets  
of Proprietary Funds to the Statement of Activities

For the Year Ended September 30, 2007

Net change in net assets - total proprietary funds	\$ (542,189)
Depreciation on capital assets reported in the proprietary fund but financed with general obligation debt has been transferred to governmental activities in the government wide statement of activities.	<u>14,962</u>
Change in net assets of proprietary activities	<u>\$ (527,227)</u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2007

	Business-Type Activities <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
	<u>Water and Sewer</u>	
Cash flows from operating activities:		
Cash received from customers	\$ 2,056,999	\$ 26,844
Cash payments to suppliers for goods and services	(862,423)	(38,715)
Cash payments for employee services and employee related fringe benefits	<u>(1,153,192)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 41,384</u>	<u>\$ (11,871)</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	\$ 276,223	\$ 75,760
Transfers out to other funds	<u>(73,780)</u>	<u>(271,551)</u>
Net cash provided (used) for noncapital financing activities	<u>\$ 202,443</u>	<u>\$ (195,791)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (117,282)	\$ -
Gain on assets sold	827	-
Sewer assessments	5,749	-
Interest paid on debt	(3,829)	-
Principal paid on certificates	<u>(18,236)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>\$ (132,771)</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2007

	Business-Type Activities Enterprise Fund <u>Water and Sewer</u>	Governmental Activities Internal Service Fund
Cash flows from investing activities:		
Interest on cash management activities:	\$ 76,015	\$ 2,491
Net increase (decrease) in cash and cash equivalents	\$ 187,071	\$ (205,171)
Cash and cash equivalents, beginning of year	2,585,074	425,879
Cash and cash equivalents, end of year	\$ 2,772,145	\$ 220,708
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (823,126)	\$ (12,046)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	\$ 853,035	\$ -
Increase in accounts receivable	(1,996)	-
Increase in accounts payable	21,207	175
Decrease in employee benefits payable	(3,395)	-
Increase in contracts payable	1,200	-
Decrease in customer deposits	8,265	-
Decrease in compensated absences	(14,520)	-
Decrease in prepaid insurance	714	-
Total adjustments	\$ 864,510	\$ 175
Net cash provided (used) by operating activities:	\$ 41,384	\$ (11,871)
		(Concluded)

The accompanying notes are an integral part of this statement.

City of DeRidder, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2007

## INTRODUCTION

The City of DeRidder was incorporated under the provisions of the Lawrason Act. The City operates under a Mayor-City Council form of government under a home rule charter.

The accounting and reporting policies of the City of DeRidder conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The City is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 9,700 residents. The governing board is composed of seven elected council members that are compensated for regular and special board meetings. There are approximately ninety-six employees who provide various services to the residents. The City maintains approximately 74 miles of roadways within the city limits.

The City maintains various funds that provide services and benefits to the residents. The general fund provides police and fire protection, and culture and recreational activities. The sales tax fund provides public works of highway and street maintenance and solid waste collection and disposal. The utility fund provides water and sewer services to approximately 4,100 residents. Other funds are established as needed for specific projects undertaken by the City.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The municipality has oversight of other component units that are blended into the municipalities basic financial statements.

### Blended Components Units

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantially the same, or the organization must provide services entirely to the municipality and blended with the appropriate municipality funds:

The City of DeRidder had no blended component units as of September 30, 2007.

### Discretely Presented Component Units

Component units that are legally separate from the municipality, but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented.

The City of DeRidder had no discretely presented component units as of September 30, 2007.

Notes to the Financial Statements (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Special Revenue Fund**

The Sales Tax Fund accounts for sales tax revenues that are legally restricted to expenditures for specific purposes.

Notes to the Financial Statements (Continued)

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the government reports the following fund types:

Internal service funds account for services provided to other departments and agencies of the municipality, or to other governments, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the City's enterprise fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, and then unrestricted resources as they are needed.

#### **C. Deposits and Investments**

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the municipality, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

#### **D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the

## Notes to the Financial Statements (Continued)

governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on the property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General corporate tax	7.23	7.23	Annually
Police/Fire capital improvements	2.60	2.60	9-30-2007

The following are the principal taxpayers and related property tax revenue for the municipality:

<u>Taxpayer</u>	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Meadwestvaco	Manufacturer	\$ 6,459,163	11.45%	\$ 63,494
Ampacet	Manufacturer	3,114,539	5.52%	30,616
Total		\$ 9,573,702	16.97%	\$ 94,110

### *Sales Taxes*

The City of DeRidder receives a 1% sales and use tax that is dedicated to constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and improving drains and subsurface drainage; and for the purpose of defraying the maintenance expenses thereof; constructing, acquiring and improving public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds. This tax is for an indefinite period.

An additional 1% sales tax, for a twenty year period ending, is dedicated and used for the following purposes:

41% for constructing, improving, repairing, operating and maintaining public buildings, public streets and sidewalks; drains and drainage facilities; garbage and solid waste collection and disposal facilities; paying the cost of other public services, including grass cutting; and paying the cost of improving or extending city utilities to encourage and induce the location of or additions to industrial enterprises having economic impact upon the city;

55% to pay the cost of providing public safety and fire and police protection services and improving, repairing, operating and maintaining sewers and sewerage collection and disposal works, including the acquisition of furnishings and equipment for any of said purposes;

4% to pay the cost of constructing, improving, repairing, operating and maintaining public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds.

## Notes to the Financial Statements (Continued)

The City of DeRidder also collects a ¼% sales and use tax with the proceeds to be dedicated and used solely for the purpose of supplementing the salaries and benefits of policemen and firemen and improving police and fire protection facilities, including the acquisition of equipment and vehicles for such purpose. This tax has no term limit.

**E. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain resources in the enterprise fund have been set aside for the repair, maintenance and replacement of the water and sewer systems of the City. These resources are classified as restricted assets because their use is limited.

A payment of \$100 per month is deposited into a State of Louisiana reimbursement account. The account was established to reimburse the state their cost associated with the widening of Highway 171 in prior years. This account is restricted and may be called by the state at their discretion.

Cash collected from utility fund customers as deposits against future utility bills are classified as restricted assets and are held by the City in custodial cash accounts entitled "Customer Deposits".

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the City of DeRidder was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$3,072. No interest was included as part of the cost of capital assets under construction in connection with the City's construction projects.

All capital assets, other than land and work in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	20-50 years
Buildings and building improvements	20-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years



Notes to the Financial Statements (Continued)

**H. Compensated Absences**

The City of DeRidder's recognition and measurement criterion for compensated absences follows:

On July 1, 1996, the City enacted new legislation concerning sick leave pay and unpaid vacation. Full time employees earn vacation leave at varying rates depending upon length of service, which also may be accumulated up to a maximum of 160 days. Upon death, retirement, or separation of service from the City, an employee may receive their entire accumulated sick leave pay if he chooses to draw it out over regular pay periods. If the employee chooses to receive the pay in a lump sum he will receive 50% of the accumulated pay. In addition, upon retirement, unused sick leave is used in the retirement benefit computation as earned service.

On March 28, 1994, the sick leave policy was amended to reflect that each employee of the City would receive 4 hours of sick leave per pay period (13 days per year). As an exception, firemen working 53 hours per week will receive 10 hours of sick leave per month. Upon termination (voluntary or involuntary) an employee will receive full pay for accumulated sick leave not to exceed a 60-day limit (480 hours) with payment made by an installment plan based on the hourly rate at retirement.

No sick leave credit hours accumulated under the old sick leave policy will be lost. Upon retirement or termination, remuneration will be made to those employees who have accrued sick leave under the old policy. This payment will be made in installments and capped at the hourly rate as of December 31, 1993.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**L. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

## Notes to the Financial Statements (Continued)

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGET INFORMATION** The municipality uses the following budget practices:

1. The Director of Finance submits to the Mayor and City Council a proposed operating budget no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. For the fiscal year beginning October 1, 2006 and ending September 30, 2007 the budget was submitted to the City Council on August 28, 2006 and the public hearing was called for. After the public hearing was held, the budget was adopted by ordinance of the City Council.
2. Budgetary appropriations lapse at the end of each fiscal year.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance. The original budget is amended as necessary and all amendments are reflected in the budget comparisons in the financial statements.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS** The following individual funds had actual expenditures over budgeted appropriations for the year ended September 30, 2007.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 4,537,950	\$ 4,832,500	\$ 4,852,213	\$ 19,713
Sales Tax Fund	2,418,550	2,355,900	2,362,049	6,149

**3. CASH AND CASH EQUIVALENTS**

At September 30, 2007, the municipality has cash and cash equivalents (book balances) totaling \$6,583,772 as follows:

Demand deposits	\$ 100,096
Interest bearing demand deposits	64,252
Time deposits	150,000
Money market investment accounts	4,122,986
Louisiana Asset Management Pool (LAMP)	2,146,088
Petty cash	350
Total	<u>\$ 6,583,772</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2007, the municipality has \$4,437,323 in deposits (collected bank balances). These deposits are secured from risk by \$457,891 of federal deposit insurance and \$3,979,432 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

## Notes to the Financial Statements (Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

The City also had invested 2,146,088 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP as of September 30, 2007 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than three months, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

#### 4. RECEIVABLES

The receivables of \$373,463 at September 30, 2007, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:			
Franchise	\$ 139,675	\$ -	\$ 139,675
Federal grants	1,750	-	1,750
Accounts	10,292	212,055	222,347
Accrued interest	-	735	735
Assessments	-	8,956	8,956
Total	<u>\$ 151,717</u>	<u>\$ 221,746</u>	<u>\$ 373,463</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

5. INTERFUND RECEIVABLES/PAYABLES

The following due to/from balances exist due to payments made out of one fund that relate to the other fund. The balance in each respective due to/from account is expected to be paid within the current year.

	Due from	Due to
General fund	\$ -	\$ 78,898
Proprietary fund	69,855	2,325
Internal service funds	-	120,000
Special revenue funds	131,368	-
Total	<u>\$ 201,223</u>	<u>\$ 201,223</u>

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2007, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 556,413	\$ -	\$ -	\$ 556,413
Work in progress	924,016	330,420	961,015	293,421
Total capital assets not being depreciated	<u>1,480,429</u>	<u>330,420</u>	<u>961,015</u>	<u>849,834</u>
Capital assets being depreciated				
Buildings	2,257,735	31,719	-	2,289,454
Improvements other than buildings	934,287	967,735	-	1,902,022
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,448,957	166,833	19,489	1,596,301
Guns	695	-	-	695
Vehicles	1,408,504	412,949	128,076	1,693,377
Utility fund asset	598,493	-	-	598,493
Total capital assets being depreciated	<u>6,649,763</u>	<u>1,579,236</u>	<u>147,565</u>	<u>8,081,434</u>
Less accumulated depreciation for:				
Buildings	709,458	55,544	-	765,002
Improvements other than buildings	225,079	54,695	-	279,774
Furniture and fixtures	563	218	-	781
Machinery and equipment	779,857	166,143	18,956	927,044
Guns	112	71	-	183
Vehicles	1,052,389	137,532	127,513	1,062,408
Utility fund asset	26,184	14,962	-	41,146
Total accumulated depreciation	<u>2,793,642</u>	<u>429,165</u>	<u>146,469</u>	<u>3,076,338</u>
Total capital assets being depreciated, net	<u>\$ 3,856,121</u>	<u>\$ 1,150,071</u>	<u>\$ (1,096)</u>	<u>\$ 5,005,096</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 57,221	\$ -	\$ -	\$ 57,221
Construction in progress	10,295	101,045	10,295	101,045
Total capital assets not being depreciated	67,516	101,045	10,295	158,266
Capital assets being depreciated				
Utility plant and improvements	31,745,740	26,531	3,000	31,769,271
Furniture and equipment	60,174	-	-	60,174
Vehicles	219,691	-	14,050	205,641
Total capital assets being depreciated	32,025,605	26,531	17,050	32,035,086
Less accumulated depreciation for:				
Utility plant and improvements	14,178,151	808,025	2,100	14,984,076
Furniture and equipment	31,938	7,513	-	39,451
Vehicles	158,425	22,535	13,347	167,613
Total accumulated depreciation	14,368,514	838,073	15,447	15,191,140
<b>Total business-type assets being depreciated, net</b>	<b>\$ 17,657,091</b>	<b>\$ (811,542)</b>	<b>\$ (1,603)</b>	<b>\$ 16,843,946</b>

Depreciation expense of \$429,165 for the year ended September 30, 2007, was charged to the following governmental functions:

Public works	\$ 105,903
Public safety	205,451
General administration	33,732
Recreation	46,291
Unallocated	37,788
Total	<u>\$ 429,165</u>

**7. CONSTRUCTION COMMITMENTS**

The municipality had an active construction project as of September 30, 2007. The City had a Northside Fire Station Project. At year-end the commitments with contractors were as follows:

Project	Spent to Date
Northside Fire Station Project	<u>293,421</u>

**8. INTERFUND TRANSFERS**

	Transfer in	Transfer out
Capital project fund	\$ 300,000	\$ 2,917
General fund	2,699,579	215,000
Proprietary fund	276,223	73,780
Special revenue fund	266,719	3,275,033
Debt service fund	220,000	-
Internal service fund	75,760	271,551
Total	<u>\$ 3,838,281</u>	<u>\$ 3,838,281</u>

## Notes to the Financial Statements (Continued)

**9. ACCOUNTS AND OTHER PAYABLES**

The payables of \$448,489 at September 30, 2007, are as follows:

	General Fund	Proprietary Fund	Capital Project Fund	Special Revenue Fund	Internal Service Fund	Total
Withholdings	\$ 84,648	\$ 24,265	\$ -	\$ 95,390	\$ 175	\$ 204,478
Accounts	132,688	58,636	-	21,226	-	212,550
Contracts	-	26,900	4,561	-	-	31,461
Total	<u>\$ 217,336</u>	<u>\$ 109,801</u>	<u>\$ 4,561</u>	<u>\$ 116,616</u>	<u>\$ 175</u>	<u>\$ 448,489</u>

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended September 30, 2007.

	Proprietary Fund		
	Compensated Absences	Certificates of Indebtedness	Total
Long-term obligations at beginning of year	\$ 232,017	\$ 72,945	\$ 304,962
Additions	47,342	-	47,342
Principal payments	-	(18,236)	(18,236)
Compensated absences used	(61,862)	-	(61,862)
Long-term obligations at end of year	<u>\$ 217,497</u>	<u>\$ 54,709</u>	<u>\$ 272,206</u>

  

	Governmental Funds			
	Compensated Absences	Certificates of Indebtedness	Bonded Debt	Total
Long-term obligations at beginning of year	\$ 576,338	\$ 165,000	\$ 375,000	\$ 1,116,338
Additions	255,560	245,000	-	500,560
Principal payments	-	(209,000)	(40,000)	(249,000)
Compensated absences used	(264,100)	-	-	(264,100)
Long-term obligations at end of year	<u>\$ 567,798</u>	<u>\$ 201,000</u>	<u>\$ 335,000</u>	<u>\$ 1,103,798</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of September 30, 2007:

	Proprietary Fund		
	Compensated Absences	Certificates of Indebtedness	Total
Current portion	\$ -	\$ 18,236	\$ 18,236
Long-term portion	217,497	36,473	253,970
Total	<u>\$ 217,497</u>	<u>\$ 54,709</u>	<u>\$ 272,206</u>

## Notes to the Financial Statements (Continued)

	Governmental Funds			
	Certificates of Indebtedness	Bonded Debt	Compensated Absences	Total
Current portion	\$ 47,000	\$ 45,000	\$ -	\$ 92,000
Long-term portion	154,000	290,000	567,798	1,011,798
Total	\$ 201,000	\$ 335,000	\$ 567,798	\$ 1,103,798

Certificates of Indebtedness are comprised of the following individual issues at September 30, 2007:

Certificates of Indebtedness – Governmental Funds:

\$245,000 Series 2006 Certificates of Indebtedness due in annual installments of \$44,000 to \$54,000 through August, 2011; interest at the rate of 3.95% \$201,000

Certificates of Indebtedness – Proprietary Funds:

\$182,362 Series 1999 Sewerage Certificates of Indebtedness due in annual installments of \$18,236 through December 2009; interest at the rate of 5.25% \$54,709

Bonded debt is comprised of the following issue at September 30, 2007:

Bonded Debt – Governmental Funds:

\$500,000 Series 2005 Water Improvement Bonds due in annual installments of \$45,000 to \$55,000 through August 2014; interest at the rate of 3.875% \$335,000

At September 30, 2007, the City of DeRidder accumulated \$21,545 in the debt service fund for future debt requirements. The annual requirements to amortize all bonds and certificates of indebtedness outstanding at September 30, 2007, for the City of DeRidder is as follows:

<u>Year Ending September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2008	110,236	22,066	132,302
2009	112,236	18,366	130,602
2010	114,236	14,006	128,242
2011	99,000	9,567	108,567
2012	50,000	6,006	56,006
2013-2014	105,000	6,200	111,200
Total	\$ 590,708	\$ 76,211	\$ 666,919

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At September 30, 2007, the statutory limit is \$19,744,230, and outstanding bonded debt totals \$335,000.

## Notes to the Financial Statements (Continued)

**11. RESERVED RETAINED EARNINGS/FUND BALANCE**

The Proprietary Fund – The proprietary fund had reserved retained earnings available as follows:

	Utility Fund
Restricted assets:	
Replacement, extension and contingency accounts	\$ 2,422,606
State contract funds	31,283
Customers' deposits	191,380
Debt service	54,709
Total	<u>\$ 2,699,978</u>
Less:	
Liabilities payable from restricted assets:	
Customers deposits	\$ 142,326
Contracts payable	26,900
Total	<u>\$ 169,226</u>
Reserved retained earnings	<u>\$ 2,530,752</u>

The Debt Service Fund – The debt service fund had reserved fund balance available as follows:

Reserved for debt service	<u>\$ 21,545</u>
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The General Fund – The general fund had reserved fund balance available as follows:

Reserved for perpetual care	<u>\$ 845,172</u>
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**12. RETIREMENT SYSTEMS**

Substantially all employees of the City of DeRidder, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana and the Fire Fighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**A. Municipal Employees Retirement System of Louisiana (System)**

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.



Notes to the Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

**Funding Policy.** Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System under Plan B for the years ending September 30, 2007, 2006 and 2005, were \$127,166, \$125,449, and \$119,895, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

**Plan Description.** All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

**Funding Policy.** Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2007, 2006 and 2005, were \$148,937, \$151,868, and \$188,100, respectively, equal to the required contributions for each year.

**C. Firefighters' Retirement System of Louisiana**

**Plan Description.** Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 % of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Notes to the Financial Statements (Concluded)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Baton Rouge, LA, 70804; or by calling (225) 925-4060.

**Funding Policy.** Plan members are required by state statute to contribute 8.00% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2007, 2006, and 2005, were \$89,561, \$102,641, and \$176,861, respectively, equal to the required contributions for each year.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over(under)	Actual Amount GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes:					
Ad valorem	\$ 530,000	\$ 545,500	\$ 545,408	\$ (92)	\$ 545,408
Insurance premium tax	28,000	35,300	35,253	(47)	35,253
Chain store tax	6,800	7,700	7,693	(7)	7,693
Franchise tax	566,000	569,600	581,620	12,020	581,620
Tobacco tax	-	-	14,308	14,308	14,308
Intergovernmental:					
Federal grants	1,500	81,200	101,254	20,054	101,254
State grants	30,000	147,400	120,000	(27,400)	120,000
Local grants	49,500	98,700	107,322	8,622	107,322
Occupational licenses and permits	410,000	459,000	462,221	3,221	462,221
Cemetery sales	15,000	18,000	18,046	46	18,046
Fees and charges for services	89,300	106,000	108,109	2,109	108,109
Investment income	7,000	10,500	10,429	(71)	10,429
Rental income	30,600	30,500	30,600	100	30,600
Worker's compensation dividend	-	8,200	8,248	48	8,248
Other revenue	21,000	11,400	6,660	(4,740)	6,660
<b>Total revenues</b>	<b>\$ 1,784,700</b>	<b>\$ 2,129,000</b>	<b>\$ 2,157,171</b>	<b>\$ 28,171</b>	<b>\$ 2,157,171</b>

(Continued)

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended September 30, 2007**

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over(under)	Actual Amount GAAP Basis
	Original	Final			
<b>Expenditures</b>					
Current operating:					
General government	\$ 584,050	\$ 708,900	\$ 741,176	\$ (32,276)	\$ 741,176
Public safety	3,323,800	3,529,300	3,512,150	17,150	3,512,150
Recreation	106,700	108,800	108,450	350	108,450
Debt service:					
Principal	25,000	25,000	25,000	-	25,000
Interest	13,400	13,400	13,369	31	13,369
Capital outlay	485,000	447,100	452,068	(4,968)	452,068
<b>Total expenditures</b>	<b>\$ 4,537,950</b>	<b>\$ 4,832,500</b>	<b>\$ 4,852,213</b>	<b>\$ (19,713)</b>	<b>\$ 4,852,213</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (2,753,250)</b>	<b>\$ (2,703,500)</b>	<b>\$ (2,695,042)</b>	<b>\$ 8,458</b>	<b>\$ (2,695,042)</b>
<b>Other financing sources (uses):</b>					
Transfers in	\$ 2,765,200	\$ 2,699,600	\$ 2,699,579	\$ (21)	\$ 2,699,579
Transfers out	(145,000)	(205,000)	(215,000)	(10,000)	(215,000)
Gain on sale of assets	3,000	3,400	3,604	204	3,604
Proceeds of loan	250,000	209,000	245,000	36,000	245,000
<b>Total other financing sources (uses)</b>	<b>\$ 2,873,200</b>	<b>\$ 2,707,000</b>	<b>\$ 2,733,183</b>	<b>\$ 26,183</b>	<b>\$ 2,733,183</b>
<b>Net change in fund balance</b>	<b>\$ 119,950</b>	<b>\$ 3,500</b>	<b>\$ 38,141</b>	<b>\$ 34,641</b>	<b>\$ 38,141</b>
<b>Fund balances at beginning of year</b>	<b>468,714</b>	<b>825,454</b>	<b>825,454</b>	<b>-</b>	<b>825,454</b>
<b>Fund balances at end of year</b>	<b>\$ 588,664</b>	<b>\$ 828,954</b>	<b>\$ 863,595</b>	<b>\$ 34,641</b>	<b>\$ 863,595</b>
					<b>(Concluded)</b>

**Sales Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended September 30, 2007**

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over(under)	Actual Amount GAAP Basis
	Original	Final			
<b>Revenues</b>					
<b>Taxes:</b>					
<b>Sales</b>					
Investment income	\$ 5,800,000	\$ 5,580,600	\$ 5,579,247	\$ (1,353)	\$ 5,579,247
Worker's compensation dividend	40,000	30,000	47,236	17,236	47,236
Fees and charges for services	-	8,200	8,248	48	8,248
Other revenues	12,400	12,400	12,408	8	12,408
Total revenues	15,000	4,100	2,245	(1,855)	2,245
	<u>\$ 5,867,400</u>	<u>\$ 5,635,300</u>	<u>\$ 5,649,384</u>	<u>\$ 14,084</u>	<u>\$ 5,649,384</u>
<b>Expenditures</b>					
General government	\$ 453,700	\$ 443,200	\$ 458,271	\$ (15,071)	\$ 458,271
Public works	1,809,850	1,762,000	1,753,153	8,847	1,753,153
Capital outlay	155,000	150,700	150,625	75	150,625
Total expenditures	<u>\$ 2,418,550</u>	<u>\$ 2,355,900</u>	<u>\$ 2,362,049</u>	<u>\$ (6,149)</u>	<u>\$ 2,362,049</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 3,448,850</u>	<u>\$ 3,279,400</u>	<u>\$ 3,287,335</u>	<u>\$ 7,935</u>	<u>\$ 3,287,335</u>
<b>Other financing sources (uses):</b>					
Transfers in	\$ 10,000	\$ 266,700	\$ 266,719	\$ 19	\$ 266,719
Transfers out	(3,320,333)	(3,257,600)	(3,275,033)	(17,433)	(3,275,033)
Gain on sale of assets	3,000	3,700	3,703	3	3,703
Total other financing sources (uses)	<u>\$ (3,307,333)</u>	<u>\$ (2,987,200)</u>	<u>\$ (3,004,611)</u>	<u>\$ (17,411)</u>	<u>\$ (3,004,611)</u>
<b>Net change in fund balance</b>	\$ 141,517	\$ 292,200	\$ 282,724	\$ (9,476)	\$ 282,724
<b>Fund balances at beginning of year</b>	<u>2,388,812</u>	<u>1,768,772</u>	<u>1,768,772</u>	<u>-</u>	<u>1,768,772</u>
<b>Fund balances at end of year</b>	<u>\$ 2,530,329</u>	<u>\$ 2,060,972</u>	<u>\$ 2,051,496</u>	<u>\$ (9,476)</u>	<u>\$ 2,051,496</u>

## OTHER SUPPLEMENTAL SCHEDULES

City of DeRidder, Louisiana

Nonmajor Funds

CAPITAL PROJECTS FUND

Historical Enhancement Fund – to account for funds used in the development and maintenance of the historic district in downtown DeRidder.

Street Construction J – to account for the construction and further improvements of streets located within the city limits for general purpose use.

DEBT SERVICE FUND

Certificates of Indebtedness, Series 2005 and 2006 - to accumulate monies for payment of the 2005, \$500,000, and the 2006, \$245,000, certificates of indebtedness respectively at an interest rate of 3.875% and 3.95% respectively.



Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2007

	Capital Projects		Debt Service	Total
	Historical Enhancement Fund	Street Construction J	Debt Service	
<b>Assets</b>				
Cash in Bank	\$ 8,341	\$ 581,170	\$ 21,545	\$ 611,056
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
Contracts Payable	\$ -	\$ 4,561	\$ -	\$ 4,561
<b>Equity</b>				
Reserve for debt service	\$ -	\$ -	\$ 21,545	\$ 21,545
Unreserved/Undesignated	8,341	576,609	-	584,950
Total Equity	\$ 8,341	\$ 576,609	\$ 21,545	\$ 606,495
<b>Total Liabilities and Equity</b>	\$ 8,341	\$ 581,170	\$ 21,545	\$ 611,056

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended September 30, 2007

	Capital Projects		Debt Service	
	Historical	Street Construction		
	Enhancement Fund	J	Debt Service	Total
<b>Revenues</b>				
Transfers in	\$ -	\$ 300,000	\$ 220,000	\$ 520,000
Interest	-	8,921	938	9,859
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 308,921</b>	<b>\$ 220,938</b>	<b>\$ 529,859</b>
<b>Expenses</b>				
Administrative	\$ -	\$ -	\$ 350	\$ 350
Construction contracts	-	310,578	-	310,578
Engineering & other	-	32,988	-	32,988
Principal	-	-	224,000	224,000
Interest	-	-	15,932	15,932
Transfer out	-	2,917	-	2,917
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ 346,483</b>	<b>\$ 240,282</b>	<b>\$ 586,765</b>
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ (37,562)</b>	<b>\$ (19,344)</b>	<b>\$ (56,906)</b>

Schedule of Compensation of Board Members  
For the Fiscal Year Ended September 30, 2007

Vincent Labue (President)	\$	7,200
Hayward Steele		7,200
Johnnie Mango		7,200
Kerry Anderson		7,200
Gordon Jenkins		7,200
Robert Rice		7,200
Joseph Siciliano		7,200
		<hr/>
	\$	50,400

## OTHER REPORTS

Schedule of Prior Year Audit Findings  
For the Year Ended September 30, 2007

Finding – Financial Statement Audit

There were no prior year audit findings as of September 30, 2006.

# John A. Windham, CPA

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John A. Windham, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Ronald Roberts, Mayor  
and the Members of the City Council  
DeRidder, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2007, which collectively comprise the City of DeRidder, Louisiana's basic financial statements and have issued my report thereon dated February 22, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of DeRidder, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of DeRidder, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of DeRidder, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of DeRidder, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of DeRidder, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the City of DeRidder, Louisiana's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of DeRidder, Louisiana's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness, as defined above.

The Honorable Ronald Roberts, Mayor  
and Members of the City Council

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeRidder, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the City Council, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

J. M. Windham, CPA

DeRidder, Louisiana  
February 22, 2008